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India

Oilseeds and Products

Monthly Lock-up Report: December 2006

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Report Highlights:

India's MY 2006/07 rapeseed production is expected to decline due to a shift in area in favor of wheat and pulses. Edible oil imports declined by 19 percent in MY 2005/06 to 4.2 million tons, but are likely to increase to 6 million tons in MY 2006/07. MY 2005/06 oilmeal exports increased by 65 percent.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Rapeseed Area Down

Initial official figures show a 7 percent decline to date in rapeseed planted area at 5.8 million hectares due to a shift in favor of wheat and chickpeas. Higher market prices and significant increases in the government support prices for wheat and pulses vis-à-vis rapeseed are responsible for the area shift. Above normal temperatures in the major rapeseed growing state of Rajasthan at planting time was not conducive for germination and early crop growth, which could adversely affect yields. Consequently, MY 2006 /07 rapeseed production is likely to decline significantly from last year's 6.8 million tons. A clearer picture will emerge by February 2007.

Vegetable Oil imports Likely to Surge in MY 2006/07

According to industry sources, India's MY 2006/07 vegetable oil imports are likely to increase by 40 percent to around 6 million tons on account of lower oilseed production, both in the *kharif* and *rabi* seasons. Furthermore, the large carryover stocks of rapeseed held with the National Agricultural and Marketing Federation (NAFED), and procured under price support operations in MY 2005/06, are likely to be depleted by the end of February, further reducing supplies.

MY 2005/06 edible oil imports declined 19 percent to 4.2 million tons due to higher domestic oilseed production and larger stocks of rapeseed. Palm oil and soybean oil imports declined by 23 percent to 2.4 million tons and 17 percent to 1.7 million tons, respectively. Palm oil's share of total oil imports in MY 2006/06 declined to 57 percent from 60 percent in the previous year. The share of soybean oil, imported mostly from Argentina and Brazil, remained unchanged at 40 percent.

The Center Board of Excise and Customs of the government has issued an official Order with a view to curb the unlawful practice of fraudulent declaration of imported edible oil as non-edible oil by traders to evade duties. The notification dated October 12, 2006, mandates the imposition of a 100 percent duty on non-edible crude palm oil imports. This action was taken following a steep rise in imports of non-edible oils. (For details, see: <http://www.cbec.gov.in/cae/customs/cs-instructions/cs-instructions-06/cs-instrc-8-2k6.htm>)

Through an official notification, the government extended the 10 percent reduction in the custom duty on palm group oils, until December 31, 2006. (For details see: <http://www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/cs111-2k6.htm>). Earlier the duty cut of 10 percent to the level of 70 percent for crude palm oil, crude palmolein and other varieties of crude palm oils and at 80 percent for refined bleached deodorized palm oil, palmolein and other refined palm oils was granted until October 31, 2006.

Imported edible oil prices are expected to increase from January onwards with a likely change in shipping rules. According to trade sources, from early next year, edible oils will be classified as chemicals per the International Maritime Organization (IMO) convention and will have to be transported by single hulled or double-hulled vessels. This would curtail the availability of vessels for shipping edible oils, pushing up freight rates and impacting imported oil prices.

India: Vegetable Oil Imports October 2005–September 2006 (Tons)

	Oct'05	Nov'05	Dec'05	Jan'06	Feb'06	Mar'06	Apr'06	May'06	June'06	July'06	Aug '06	Sept'06	Oct'05- Sept'06	Oct'04- Sept'05	% Change
RBD palm olein	10915	11248	18339	16185	12114	9084	6199	5300	8249	1748	5629	12897	117907	514861	
Crude palm oil	213859	196196	138683	59355	133139	202022	175313	240112	188007	159733	223425	266433	2196277	2327509	
Crude palm olein	0	1998	999	3740	7999	5698	12171	3299	3399	5604	4900	2000	51807	228501	
Crude palm kernel oil	500	8247	750	0	500	1499	1507	2600	2509	0	1499	5220	24831	37044	
Total palm oil	225274	217689	158771	79280	153752	218303	195190	251311	202164	167085	235453	286550	2390822	3107915	-23.07
Crude soybean oil	182850	108896	47100	111212	92704	169800	159094	129500	182614	290250	114747	74990	1663757	1985876	
Refined soybean oil	0	0	2197	0	0	9060	0	0	0	0	9200	0	20457	35503	
Total soybean oil	182850	108896	49297	111212	92704	178860	159094	129500	182614	290250	123947	74990	1684214	2021379	-16.68
Crude sunflower oil	3000	0	12000	38749	21595	3000	0	8500	3000	0	2999	1000	93843	6688	
Refined sunflower oil	0	0	0	0	0	1050	0	0	0	0	0	0	1050	0	
Total sunflower oil	3000	0	12000	38749	21595	4050	0	8500	3000	0	2999	1000	94893	6688	
Coconut oil	0	1000	0	0	999	0	0	9840	500	6400	1539	1029	21307	7790	
TOTAL	411124	327585	220068	229241	269050	401213	354284	399151	388278	463735	363938	363569	4191236	5143772	-18.52

Source: Solvent Extractors' Association of India

Edible Oil Tariff Values Remain Unchanged

The October 31, 2006, Customs Notification made no changes in the base import prices (tariff values) of edible oils. The decision was supported by the industry, as a step to keep domestic prices under control. Accordingly, the tariff values, or value price at which the custom duty is calculated on vegetables oils will be as follows:

Type of oil	Tariff Value (\$ Per ton)
Crude Palm Oil	447
Crude Palmolein	481
RBD Palm Oil	476
RBD Palmolein	484
Other Palm Oil	462
Other Palmolein	483
Crude Soybean Oil	580

The customs notification is available at: <http://www.cbec.gov.in/cae/customs/cs-act/notifications/notfn5-2k6/csnt112-2k6.htm>

Oilmeal exports increase

MY 2005/06 oilmeal exports were up 65 percent at 4.8 million tons due to the price competitiveness of the Indian oil meals, particularly soybean meal, in the world market. The major increase can be noticed in rice bran meal followed by soybean meal, groundnut meal and rapeseed meal. Major export destinations were Vietnam, China, South Korea, Japan and Indonesia.

Oil Meal Exports (Metric Ton)

	Soybean	Rapeseed	Peanut	Ricebran	Sunflower	Castor .EXT.	Total
Oct'05	160250	37250	8825	---	---	3100	209425
Nov'05	266,675	21,725	2,200	12,867	---	18,225	321,692
Dec'05	492,950	47,400	18,000	6,500	750	14,100	579,700
Jan'06	483,225	16,975	8,400	25,950	---	14,175	548,725
Feb'06	587,425	28,750	3,850	29,425	---	12,800	662,250
Mar'06	712,175	46,050	30,475	9,500	---	11,725	809,925
Apr'06	316,925	53,425	12,400	5,650	---	10,825	399,225
May'06	140,075	77,400	18,525	4,750	---	15,575	256,325
June'06	108,975	79,900	12,175	11,000	---	7,600	219,650
July'06	119,450	49,500	---	11,000	---	---	179,950
Aug'06	111,075	98,075	---	29,500	---	15,350	254,000
Sept'06	179,475	92,775	5000	32,850	---	14,225	324,325
Oct'05- Sep'06	3,678,675	649,225	119,850	178,992	750	137,700	4,765,192
Oct'04- Sep'05	1,954,600	578,905	95,400	66,828	4282	179,450	2,879,465
% Change	88.21	12.15	25.63	167.84	-82.48	-23.27	65.49

Source: Solvent Extractors' Association of India